

REMARKS

Overview

In this amendment, claims 37, 40, and 48-49 are amended, and claims 38-39, 51-59, and 61-62 are canceled (claims 1-36, 46-47, 50, and 60 were canceled previously). Support for the claim amendments may be found throughout the application as filed. Upon entry of this amendment, claims 37, 40-45, and 48-49 will be pending, with claim 48 being independent. Applicants traverse the rejection and submit that the claims are in condition for allowance for the reasons below.

Section 103 Rejections

Independent claim 48 was rejected as being obvious based on the combination of Jones 016 (Pub. No. 2004/0177016), Jones 494 (Pub. No. 2004/0133494), and Farr (Pat. 7,257,555). In this amendment, claim 48 has been amended to comprise the steps of (i) determining interest for an accrual period for an issued convertible debt instrument and (ii) determining a tax deduction amount for the issuer for the accrual period. Amended claim 48 further clarifies that:

- the interest for the convertible debt security is based on a product of at least (1) a comparable yield for the convertible debt instrument and (2) an adjusted issue price for the convertible debt instrument at the beginning of the accrual period;
- the comparable yield for the convertible debt instrument is based on a yield at which a comparable fixed-rate non-convertible debt instrument would be issued, wherein the comparable fixed-rate non-convertible debt instrument has a maturity term that is the same as the maturity term of the convertible debt instrument;
- the tax deduction amount for the issuer for the accrual period is based on the comparable yield and a projected payment schedule of projected payments for the convertible debt instrument; and
- the projected payments include non-contingent payments and projected contingent payments for the convertible debt instrument such that the projected payments

and an issue price of the convertible debt instrument produce the comparable yield.

Support for these claim limitations can be found throughout the specification as originally filed, including ¶¶ [0034]-[0037] of the published application (Pub. No, 2005/0102213), for example.

The cited prior art does not teach or suggest all of the elements of amended claim 48. For example, the cited prior art does not disclose “determining ... interest for an accrual period for a convertible debt instrument ... wherein the interest for the convertible debt security is based on a product of at least (1) a comparable yield for the convertible debt instrument and (2) an adjusted issue price for the convertible debt instrument at the beginning of the accrual period.” The cited references do not disclose determining interest for a convertible debt instrument in such a manner.

In that connection, the cited prior art also fails to disclose that the comparable yield, which is used to compute the interest, is “based on a yield at which a comparable fixed-rate non-convertible debt instrument would be issued, wherein the comparable fixed-rate non-convertible debt instrument has a maturity term that is the same as the maturity term of the convertible debt instrument.” This permits postponing of potential recapture of excess tax benefits and is simply not shown or suggested in the cited prior art.

Furthermore, the cited prior art does not disclose “determining ... a tax deduction amount for the issuer [of the convertible debt instrument] for the accrual period based on the comparable yield and a projected payment schedule of projected payments for the convertible debt instrument.” The cited prior art simply does not teach or suggest determining a tax deduction amount in such a manner, i.e., “based on the comparable yield and a projected payment schedule of projected payments for the convertible debt instrument.”

Still further, the cited prior art does not disclose that the projected payments, which are used to determine the tax deduction amount, include (1) non-contingent payments and (2) projected contingent payments “such that the projected payments and an issue price of the convertible debt instrument produce the comparable yield.” As mentioned above, the comparable yield is used to determine the interest. The cited prior art simply does not disclose

projected payments configured in such a way, that is, in combination with the issue price, produce a comparable yield, that is also “based on a yield at which a comparable fixed-rate non-convertible debt instrument would be issued, wherein the comparable fixed-rate non-convertible debt instrument has a maturity term that is the same as the maturity term of the convertible debt instrument.”

For at least these reasons, applicants submit that claim 48 is not obvious in view of the cited references. Because claim 48 is nonobvious, its dependent claims are also nonobvious. *See* MPEP § 2143.03.

CONCLUSION

Applicants respectfully submit that all of the claims presented in the present application are in condition for allowance. Applicants’ present Amendment should not in any way be taken as acquiescence to any of the specific assertions, statements, etc., presented in the Office Action not explicitly addressed herein. Applicants reserve the right to address specifically all such assertions and statements in subsequent responses. Applicants also reserve the right to seek claims of a broader or different scope in a continuation application.

Applicants do not concede the correctness of the Office Action’s rejection with respect to any of the dependent claims discussed above. Accordingly, Applicants hereby reserve the right to make additional arguments as may be necessary to distinguish further the dependent claims from the cited references, taken alone or in combination, based on additional features contained in the dependent claims that were not discussed above. A detailed discussion of these differences is believed to be unnecessary at this time in view of the basic differences in the independent claims pointed out above.

Applicants have made a diligent effort to properly respond to the Office Action and believe that the claims are in condition for allowance. If the Examiner has any remaining

concerns, the Examiner is invited to contact the undersigned at the telephone number set forth below so that such concerns may be expeditiously addressed.

Respectfully submitted,



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